

Regular Budget Committee Meeting Minutes
Wednesday, March 5, 2008
4:05 p.m.
Third Floor, City Hall

Present:

Chair: CW Hamilton – Excused absence
Vice-Chair: CM Downard

Members: CW Woolridge, CM Benson, CM Tandy,
CM Kramer, CM Blackwell, CW Green , CM Unseld, CM Fleming, CM
Heiner

Also Present:

President Jim King

Vice Chair Downard began the meeting by announcing the members and non-members of the committee present. Quorum was established.

Pending Legislation

1. O-38-02-08 AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AMENDING AND RESTATING ORDINANCE NO. 294, SERIES 2007, AUTHORIZING AND RATIFYING ACTIONS IN THE STRUCTURING, STAFFING, PLANNING AND PREPARATION OF ALL DOCUMENTATION FOR THE ISSUANCE OF CERTAIN GENERAL OBLIGATION BONDS OR GENERAL OBLIGATION NOTES OF THE METRO GOVERNMENT IN ONE OR MORE SERIES; AUTHORIZING THE ISSUANCE OF SUCH BONDS TO FINANCE THE COSTS OF THE MUSEUM PLAZA PROJECT IN AN APPROXIMATE AMOUNT OF FORTY-SEVEN MILLION DOLLARS, THE SYSTEMS DEVELOPMENT CHARGES PROJECT IN AN APPROXIMATE AMOUNT OF SEVENTEEN MILLION DOLLARS AND THE NEW MONEY PROJECTS IN AN APPROXIMATE AMOUNT OF TWENTY-FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS AS FURTHER SET FORTH HEREIN; SETTING FORTH THE TERMS AND CONDITIONS ON WHICH THE BONDS ARE TO BE ISSUED AND SOLD; DEFINING AND PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS THEREOF; AND TAKING OTHER RELATED ACTION.

Status: In-Committee
Committee: Budget
Primary Sponsor: Cheri Bryant Hamilton

Motion to Approve made by CW Woolridge, second by CW Green.

Discussion: Jane Driskell, Chief Financial Officer, Daniel Frockt, Budget Director, Mike Harrington, Bond Counsel (Stites & Harbison); Lisa Daniel (Public Financial Management) Kevin Thompson (Morgan Keegan) were present to speak to this issue.

A PowerPoint presentation was given and is attached.

Jane Driskell:

- Ordinance saves Metro money by reducing transaction costs
- Provides funding authorization for roads and capital projects already approved
- Gives flexibility with regards to issuance in a volatile market
- Allows bonds to be issued in a series rather than separately
- Gives positioning in order to act appropriately taking advantage of market
- Not many cities have the excellent rating and ability to do this
- Reduces Arbitrage concerns

- No revisions to funding levels associated with Museum Plaza
- No new projects – only those approved by Council
- No amendments to System Development ordinance

Total issued amount - \$86,450, 000

True Interest at 5.25% however they believe it may be as low as 4%

Terms vary 20 and 30 year bonds

Required annual Debt Service \$6,408,184

Lisa Daniel:

- Addressed the Market Conditions
- Market is affected by sub prime market collapse
- Wide swings in rates and basis points creating uncertainty
- Investors are looking for highly rated insurers and are more valuable

Kevin Thompson:

- Discussed Market Conditions February 11 and March 4
- Showed trends and bond rating analysis
- Interest rates from 1993 to present
- Changes reflected AAA to B ratings and interest rate changes due to sub prime issues over 4 months
- Louisville is AAA bond credit rating – excellent status
- Louisville usually receives 100% fixed rate – excellent rate
- AAA rating comes with management, solid financials, general area economics, and total debt
- Ordinance allows city to increase its ability to react appropriately

Museum Plaza - \$45/47 million – 30 year bond

- No construction agreement in place after 3 months
- No work being done on site
- Council wants agreement in place to protect city's interest
- Carving out Plaza ordinance suggested
- Needs full review before moving onto council agenda
- Discussion of annual debt service amount – 30 year bond

Capital Projects of \$24.5 million– 20 year bond

- Projects are ready to start – significant ones listed
 - Firehouse modernization
 - Firearms Training Center
 - Animal Service Center
 - Land Acquisition for Parks
 - Downtown Land Acquisition
 - Traffic Signal Synchronization
 - Glacier Run
- Unnecessary delay in firehouse construction and projects
- All capital projects listed and funding amounts approved
- Discussion of annual debt service amount
- Current General Obligation Capital Project update
 - FY 2005 –\$24,725,000 Remaining - \$1,537,870
 - FY 2007 - \$32,995,200 Remaining - \$9,365,698

System Development Ordinance - \$17million -20 year bond

- Administration would like to work with council to tweak ordinance – language causing problems
- Needs to be reflective of revenues from zones
- Public Works would assist in making decisions on road completions and changes necessary for efficient use of funding

and process

- Revenue from developers would be halted if ordinance is delayed
- Fiscal Year 2007 yields of approximately \$1.7 million from developers/city
- Projected for 2008 is \$1.5 million

Objections and concerns addressed:

- Holds up construction of already approved projects if delayed over Museum Plaza concerns
- Takes away attractiveness of three bonds together in the market
- Bonds can be issued in Series and no delays on projects while Museum Plaza is worked out
- Has been done previously -PARC bond ordinance was combined with Metro bond to save on issuance cost – has been done previously
- Several projects may start upon authorization – taking advantage of short term variable rates

Committee Members

- Requested an addendum to the ordinance outlining language that would guarantee nothing would move forward on Museum Plaza until all was in place.
- Addendum must be ready by March 13, 2008 Council Meeting or ordinance returns to committee.
- Concerned over lack of progress toward development agreement on Museum Plaza
- CM Heiner wants protections in place and a full review of the Museum Plaza project.

CM Heiner made a motion to **Table**. CM Benson seconded the motion.

CM Heiner requested a roll call as did CW Woolridge.

Voting Result on the Motion to Table

For: 3; Against: 6; Abstain: 0; Absent: 2

For: Kenneth C. Fleming, Stuart Benson, Hal Heiner

Against: Judy Green, Mary C. Woolridge, George Unseld, Rick Blackwell, Kelly Downard, Kevin Kramer,

Abstain: (None)

Absent: David Tandy, Cheri Bryant Hamilton,

The motion to table failed.

President King stated that an addendum agreement could address all concerns. Bond Counsel stated the agreement would be ready for review by the council meeting with all concerns addressed by council meeting of 3/13/08.

Voting result on motion to approve and move to council agenda:

For: 5; Against: 4; Abstain: 0; Absent: 2

For: Judy Green, Kenneth C. Fleming, Mary C. Woolridge, George Unseld, Rick Blackwell,

Against: Kelly Downard, Hal Heiner, Kevin Kramer, Stuart Benson,

Abstain: (None)

Absent: David Tandy, Cheri Bryant Hamilton,

The item was approved and sent to **Old Business** on the 03/13/08 Metro Council Meeting Agenda.

2. O-278-11-07 AN ORDINANCE AMENDING ORDINANCE NO. 127, SERIES 2007, RELATING TO THE FISCAL YEAR 2007-08 OPERATING BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT BY INCREASING FUNDING FOR THE LOUISVILLE FREE PUBLIC LIBRARY BY \$750,000.

Status: In Committee - Tabled
Committee: Budget
Primary Sponsor:
Doug Hawkins
Glen Stuckel
Hal Heiner
James Peden
Kelly Downard
Kenneth C. Fleming
Kevin Kramer
Robin Engel
Stuart Benson

This item **REMAINED TABLED.**

3. O-279-11-07 AN ORDINANCE AMENDING ORDINANCE NO. 126, SERIES 2007 RELATING TO THE FISCAL YEAR 2007-08 CAPITAL BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, BY INCREASING THE FUNDING FOR THE LOUISVILLE FREE PUBLIC LIBRARY BY \$25,000,000.

Status: In Committee - Held
Committee: Budget
Primary Sponsor:
Doug Hawkins
Glen Stuckel
Hal Heiner
James Peden
Kelly Downard
Kenneth C. Fleming
Kevin Kramer
Robin Engel
Stuart Benson

This item **REMAINED HELD.**

Motion to Adjourn made by Judy Green; without objection the meeting adjourned at 5:35 PM
kjh